

ASX Announcement

31 October 2023

Vicinity continues to execute its investment strategy and commits to Chatswood Chase luxury redevelopment

Vicinity Centres (**'Vicinity'**, ASX:VCX) announced it has exchanged unconditional contracts to acquire the remaining 49% interest of Chatswood Chase Sydney (**'Chatswood Chase'**) for \$307 million¹ (**'the acquisition'**). The transaction is expected to settle on 15 March 2024.

Vicinity's CEO and Managing Director, Mr Peter Huddle said, "Premium retail assets such as Chatswood Chase are a key pillar of our strategy and are an important enabler of resilient income growth and sustained value accretion through cycles. While we retain the right to nominate another purchaser prior to settlement, we are nonetheless pleased to take full control and expedite our Board-approved redevelopment of the asset."

Chatswood Chase is a major regional shopping centre located just nine kilometres from the Sydney central business district and in one of Australia's most affluent catchments, with average household income 32% above the Sydney average². The asset is also located within close proximity to extensive bus, rail, and metro transport.

Mr Huddle added, "Chatswood Chase is an iconic asset with strong growth potential. Our redevelopment plans represent one of the most exciting and transformational projects to be undertaken in Australian retail property today and for the foreseeable future and will reinforce this exceptional asset as northern Sydney's premier retail destination."

Vicinity is also pleased to announce today that it has exchanged contracts with customary conditions to sell Roxburgh Village in Victoria to JY Group for \$123 million, representing an 8.8% premium to June 2023 book value. The sale is expected to settle on 8 March 2024. Under the sale agreement with JY Group, Vicinity will continue to provide property management services at Roxburgh Village.

As announced to the market on 1 June 2023, Vicinity also sold a 50% interest in the shopping centre at Broadmeadows Central for \$134.5 million, representing a 5.2% premium to December 2022 book value. Since 30 June 2023, Vicinity has also contracted to sell more than \$40 million of non-core land parcels and adjacent properties at meaningful premiums to June 2023 book values.

¹ Excludes purchase price adjustments for development of approximately \$30 million.

² Australian Bureau of Statistics, 2021.

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Mr Huddle concluded, “These transactions demonstrate disciplined execution of our active investment program. We are recycling and allocating capital to fund value-accretive developments and acquisitions of premium assets aligned with our portfolio strategy while at the same time, preserving the strength of our balance sheet and credit metrics.”

Financial impacts of the acquisition and redevelopment of Chatswood Chase, and the Roxburgh Village divestment

- Acquisition and development expenditure intended to be funded by selected asset sales (including Roxburgh Village announced today) and existing and new debt facilities
- Pro-forma gearing³: 26.6%
- Additional project-related loss of rent from the acquisition expected to be approximately \$20 million, mainly in FY25
- Vicinity reaffirms its FY24 FFO and AFFO per security guidance of 14.1 to 14.5 cents and 11.8 to 12.2 cents, respectively⁴

Chatswood Chase redevelopment metrics on 100% ownership basis

- Development cost: \$620 million
- Commencement of main construction works: March 2024
- Completion: October 2025
- Expected returns: Stabilised yield of >6.0% and Internal Rate of Return of >10.0%
- Forecast valuation on stabilisation⁵: approximately \$1.5 billion, representing an estimated development profit of >\$200 million
- Pre-leasing of major development is well progressed; >45% of income secured via heads of agreement

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Authorisation

Vicinity’s Board has authorised that this document be given to ASX.

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About Vicinity Centres

Vicinity Centres (Vicinity or the Group) is one of Australia’s leading retail property groups with a fully integrated asset management platform, and \$24 billion in retail assets under management across 60 shopping centres, making it the second largest listed manager of Australian retail property. The Group has a Direct Portfolio with interests in 59 shopping centres (including the DFO Brisbane business) and manages 30 assets on behalf of Strategic Partners, 29 of which are co-owned by the Group. Vicinity is listed on the Australian Securities Exchange (ASX) under the code ‘VCX’ and has 24,000 securityholders. Vicinity also has European medium term notes listed on the ASX under the code ‘VCD’. For more information visit vicinity.com.au or use your smartphone to scan this QR code.

³ Calculated as 30 June 2023 gearing, adjusted for the acquisition of Chatswood Chase (\$307 million plus stamp duty and purchase price adjustments for development of approximately \$30 million), disposal of Roxburgh Village (\$123 million) and other non-core divestments since 30 June 2023 collectively comprising >\$40 million.

⁴ Guidance assumes no material deterioration in economic conditions.

⁵ External valuation advice assumes a compression in valuation metrics commensurate with the repositioning of the centre.